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**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 22 June 1978 CG NIDC 78/145C

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**NATIONAL SECURITY INFORMATION**  
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National Intelligence Daily Cable for Thursday, 22 June 1978.

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The NID Cable is for the purpose of informing senior US officials.

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## USSR: Oil Production Problems

25X1 [ ] The industrial press and the front pages of Pravda during the past few months have highlighted mounting difficulties in the USSR's West Siberian oilfields. A Soviet official for the first time has acknowledged that Soviet oil deliveries to Eastern Europe might decline after 1980.

25X1 [ ] In an article on 5 June, Pravda emphasized that a new stage in West Siberian oil is approaching. The official Communist Party paper said that the Samotlor oilfield, the largest in the country, has reached its projected capacity and probably will peak this year. Other large West Siberian oilfields--Ust Balyk and Mamontovo--have reached or are near peak capacity.

25X1 [ ] As production at these fields levels off, an average of six to eight new smaller fields must be developed each year through 1980 to maintain the planned annual increases in West Siberian output. According to Pravda, the annual drilling plan in Tyumen Oblast may not be met, and the new fields in West Siberia are not fulfilling production targets.

25X1 [ ] Because of the lower yields in the new fields, three times as much drilling is required to provide the same growth in production achieved when Samotlor and other large fields were under development. Between 1978 and 1980, 21 million meters of wells must be drilled in West Siberia; 9 million meters were drilled there during the preceding three years.

25X1 [ ] To meet these targets, the Soviets will have to fly in additional drilling crews from the Urals-Volga oilfields and elsewhere. Such crews are already scheduled to drill more than half of the additional 1.3 million meters planned for 1978. To date, however, they have fallen behind because of a lack of drilling equipment, tools, and housing. The Soviets have assigned drillers in Tyumen only 55 additional drilling rigs instead of the 100 they need this year.

25X1 [ ] Despite the high priority the Soviets give to West Siberian petroleum development, their efforts appear extremely disorganized. According to the Pravda article, the most acute problem of the Siberian petroleum workers is an old one: the lack of coordination between the Ministry of the Petroleum Industry and other ministries operating in the region.

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[ ] The other ministries have failed to supply the necessary rigs, construction materials, electric power, and railroads required to develop new fields remote from the major developed areas. Hard-surface roads and electric power have been supplied to only two of the 10 new oilfields put into production in 1976 and 1977. The lack of infrastructure for an additional 23 planned fields will limit production increases unless most of these problems can be overcome quickly.

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[ ] West Siberian oilfields provided almost all of the growth in national oil output in 1974 and 1975 and offset declines elsewhere in the USSR of 100,000 barrels per day in 1976 and 200,000 barrels per day in 1977. Production declines in older fields are likely to continue at an increasing rate as drilling crews are moved to West Siberia. So far in 1978, oil production has risen at an average annual rate of some 4 percent. With the problems in West Siberia, it is unlikely that the Soviets can attain their 1978 production goal of 11.5 million barrels per day--a 5.3-percent increase over 1977.

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[ ] Oleg Bogomolov, Director of the Institute of Economics of the World Socialist System, has made the first official acknowledgment of a possible Soviet cut in oil shipments to Eastern Europe after 1980. He indicated to US Embassy personnel that the total Soviet supply of energy sources to Eastern Europe will remain at the 1980 level; he did not promise that the USSR would cover any increases in East European energy needs.

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[ ] Bogomolov said that the mix of products to Eastern Europe would change, with oil exports dropping and gas and electricity deliveries rising enough to compensate. He also said that the Soviets will continue to sell some oil to the West. Other Soviet officials have indicated that oil deliveries to Eastern Europe would level off in the 1980s, but this is the first indication of a reduction.

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[ ] If Bogomolov's statement proves accurate, East European countries with balance-of-payments problems will find it difficult to acquire their increased energy import needs from the West. [ ]

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SYRIA: Reaction to Assassination

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[ ] Syrian forces in Lebanon have worked to restore order in the north. Syrian Foreign Ministry officials have told the US Embassy in Damascus that Syria will not engage in rash acts against the Phalanges.

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[ ] Assad is well aware that a major confrontation with the Phalanges might unite most Christians against Syria and provoke a bloody street battle in Beirut. He probably prefers to maintain ties to the Phalanges, the largest and most powerful Christian militia group.

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[ ] The Syrian President may not be able to prevent his brother from giving some assistance to the Franjiyahs. Two battalions of Rifaat's elite Defense Companies are stationed in the north, [ ]

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[ ] which he may use to assist the Franjiyah clan.

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## USSR: Composites in Aircraft

25X1 [ ] //Soviet scientists continue to advocate the use of graphite composites in military and civilian aircraft, despite their apparent familiarity with the inherent dangers to electrical systems and human health. Soviet aircraft experts, however, reportedly are resisting using graphite composites in primary aircraft structures, such as wing spars, despite the significant weight and cost savings that could be realized. The use of such composites is an effective means of increasing aircraft payload and performance, as well as protecting military aircraft against gunfire and laser radiation.//

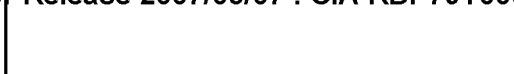
25X1 [ ] //The Soviets apparently are aware of two hazards associated with the fibers contained in graphite composites. Such fibers may be released from the composite by burning and then transported over long distances by normal atmospheric turbulence. The graphite fibers can cause damage to electrical equipment by shorting, arcing, or resistive loading. The fibers can also be inhaled by factory workers in the manufacturing process and may cause long-term lung damage.//

25X1 [ ] //The USSR is nonetheless likely to continue its development of graphite composites for structural use in aircraft because by using them the Soviets can decrease aircraft weight and increase payload. The current Soviet state of development of graphite composites and the reported resistance of aircraft experts to their use, however, suggests that any large-scale use of structural composites will not occur before the mid-to-late 1980s. [ ]

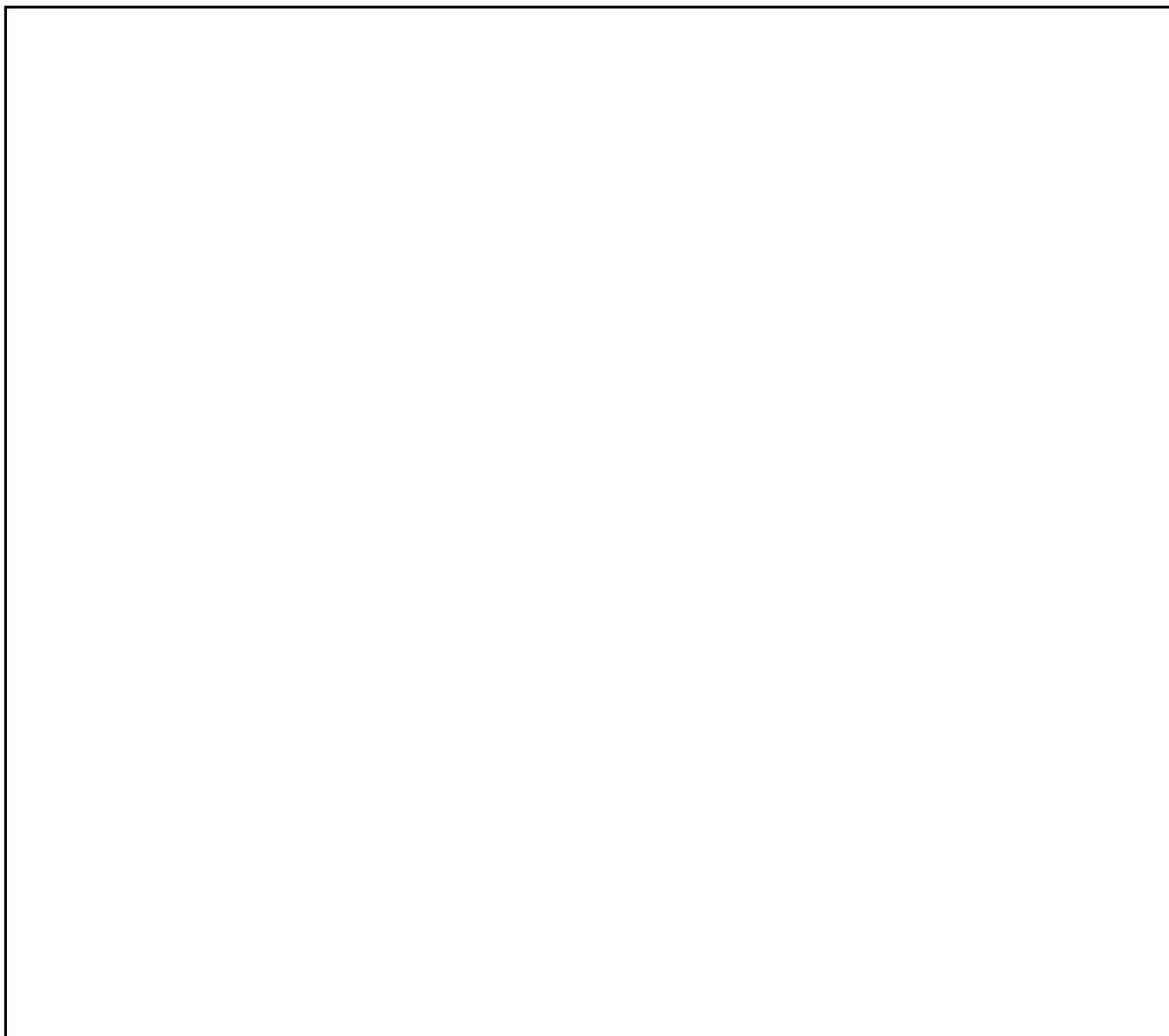


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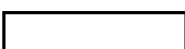


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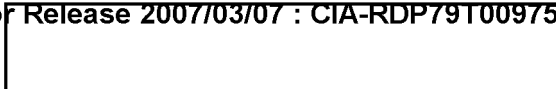
**ROMANIA: Hungarian Minorities**

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 Romanian President Ceausescu's inspection tour of the main ethnic Hungarian regions of Transylvania suggests official concern over restlessness among the country's 1.8 million Magyars. The government is determined not to allow foreign interference in its handling of the nationality problem.

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[redacted] In speeches on Tuesday in counties with large Magyar concentrations, Ceausescu offered assurances on the availability of education in minority languages. His tour of the region, soon after his return from major foreign visits, may be an effort to still ethnic Hungarian grievances prior to the renewal date for most-favored-nation status by the US next month.

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[redacted] In recent weeks the Romanians publicly accused intellectuals in Hungary and emigre groups in the US of trying to revive irredentist and revanchist claims to Transylvania.

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[redacted] In a major speech early this month, Ceausescu reiterated Romania's determination to oppose any foreign attempt to interfere with its handling of the minorities. Ceausescu's warning was probably directed at Hungary. Although the Hungarian Government has probably had private discussions with the Romanians on the situation of the Magyar minority, it has publicly maintained a low-key attitude toward the problem. There is no evidence that Hungary has done anything to encourage discontent or unrest among the ethnic Hungarian community in Transylvania.

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#### GHANA: Economic Conditions

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*[redacted] Worsening economic conditions in Ghana could generate another political crisis for General Acheampong's unpopular military regime. In recent weeks, prices have shot up as shortages of basic foodstuffs and gasoline have become more critical.*

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*[redacted] Acheampong's mismanagement has resulted in triple digit inflation, the collapse of public services, misuse of scarce foreign exchange, corruption, and declining agricultural production. Growing popular discontent with the economy may well give civilian opponents--who seek Acheampong's replacement by a civilian government--a new lease on life.*

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*[redacted] The government has responded to the economic problems by adopting a more flexible exchange rate system, which devalued Ghana's badly overvalued currency by a modest 13 percent, but*

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this has not gone far enough. Acheampong may grudgingly approve some other stabilization measures if he concludes that his power is jeopardized by impending economic collapse.

25X1 [ ] Basic economic reforms, which are required before the government can expect help from the International Monetary Fund and other Western creditors, will be painful, unpopular, and hard for Acheampong to undertake. He took advantage of unhappiness over economic reforms--particularly devaluation--to overthrow his predecessor in 1972 and fears that in similar circumstances he could be ousted by another officer. [ ] 25X1

#### NAMIBIA: Voter Registration

25X1 [ ] *The South African Administrator General for Namibia has announced that voter registration will begin next Monday and continue for three months. The registration is for an election to select a Namibian constituent assembly; it is to be conducted by the South African authorities in Namibia in accordance with a detailed plan the Administrator General published last week.*

25X1 [ ] The Western members of the UN Security Council have repeatedly warned South Africa that conducting voter registration unilaterally will complicate efforts to gain international acceptance of the Western settlement proposal that South Africa accepted last April. The Western proposal stipulates that voter registration is to be conducted with the participation of a UN special representative to be appointed after the Security Council accepts the settlement proposal.

25X1 [ ] The South Africans, however, have argued that it will necessarily take several months to complete an initial registration of Namibia's adult population, and that an initial roll of eligible voters can be revised after a UN representative arrives. The Administrator General's latest announcement stressed the importance of completing the balloting before the rainy season begins in December. [ ] 25X1

#### ETHIOPIA: Eritrean Policy

25X1 [ ] *The Ethiopian ruling military council on Friday convened a 10-day seminar on its Eritrean policy. The meeting seems designed to line up support for pursuit of a military*

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*solution to the Eritrean conflict rather than for a political compromise. The fact that the council felt it necessary to organize the seminar, however, probably reflects increased sensitivity to international opposition to an attempt to crush the guerrillas by force.*

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[ ] Those attending the meeting include representatives from the government and mass organizations and Ethiopian envoys to many West European and some African countries. Except for the Ethiopian representative to Yugoslavia, no chiefs of mission to Communist countries were required to attend.

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[ ] The US Embassy believes the council wants to associate leaders of Ethiopian mass organizations with its Eritrean policy in order to mobilize public opinion and avoid criticism if--as seems likely--the planned military offensive proves costly in men and resources. A complementary reason for the seminar is to decide on a coordinated public line to explain the council's policy, especially for the benefit of Western countries that want Ethiopia to seek a political compromise in Eritrea.

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[ ] There is some speculation in Addis Ababa that the council is considering ways short of military conquest to end the Eritrean conflict and that it convened the seminar to prepare public opinion for a shift in policy. The council's secretary general undermined this interpretation in his opening remarks by reiterating the government's uncompromising stand. He made the usual condemnation of the Eritrean guerrillas by calling them tools of reactionaries bent on destroying Ethiopia's "socialist" revolution.

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[ ] The decision to convene the seminar probably reflects the council's increased awareness that its pursuit of a military victory in Eritrea is unpopular with most foreign countries, including many friendly ones. The seminar, an attempt to improve the government's image, may even produce a revised version of the council's vague "nine-point plan" for Eritrea that it will tout as a new attempt to reach a peaceful solution. It is unlikely, however, to offer significant concessions to the guerrillas. [ ]

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USSR

25X1 [ ] Two Soviet Jews who have long been refused permission to emigrate to Israel were convicted of "hooliganism" in separate trials in Moscow yesterday; they were sentenced to five and four years of "internal exile."

25X1 [ ] The trials took place at a time when the USSR's policy toward "refuseniks" is hardening. In spite of the overall increase in Jewish emigration this year, those previously denied exit permits are having more difficulty than in past years. The trials reflect the Soviets' determination to stifle dissent while conveying the message that the publicity generated by the highly visible and activist "refuseniks" can only hurt them.

25X1 [ ] One of those convicted yesterday, Vladimir Slepak, is a member of the unofficial group monitoring Soviet compliance with the Helsinki accord. [ ]

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Cuba

25X1 [ ] Cuban President Castro announced this week that Cuba's 1978 sugar harvest will exceed 7.3 million tons--15 percent more than last year's crop. This is unwelcome news for the already glutted international sugar market, where prices are holding at about 7 cents a pound, compared with the 1974 peak of 65 cents.

25X1 [ ] Cuba will have stocks approaching 900,000 tons after meeting export commitments and domestic needs this year. While Cuba's 2 million-ton free market quota will earn only \$400 million, total sugar sales will yield about \$3.3 billion largely because of Soviet purchases at the heavily subsidized price of about 41 cents a pound. [ ]

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